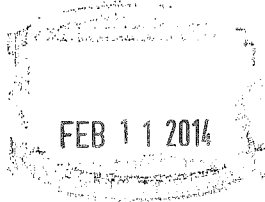




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 5

77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590



REPLY TO THE ATTENTION OF:

Mr. Ray Pilapil
Bureau of Air
Illinois Environmental Protection Agency
1021 North Grand Avenue East
Springfield, Illinois 62794-9276

Dear Mr. Pilapil:

The U.S. Environmental Protection Agency has reviewed the draft minor New Source Review (NSR) permit (Application No. 01120044) prepared by the Illinois Environmental Protection Agency (IEPA) for Phillips 66 Company, Wood River Refinery, located at 900 South Central Avenue, Roxana, Illinois 62084. The current draft NSR permit is a revision to an NSR permit originally issued to Phillips 66 Company on June 13, 2002.

The June 13, 2002 permit addressed changes to equipment that enabled the refinery to produce Low Sulfur Gasoline (LSG) as required by the federal regulations for "Tier 2 Motor Vehicle Emissions Standards and Gasoline Sulfur Control Requirements." As part of that issued permit, the Phillips 66 Company was given authorization to construct/modify "Boiler 17," "Heater, HM-1," "Charge Heater, F-1," "LSG Flare," and "Sulfur Recovery Unit." The current draft permit revision was requested to account for additional Sulfur Dioxide (SO₂) emissions from emission units combusting refinery fuel gas, which the 2002 project did not include. The current draft permit revision also addresses connecting a flare gas recovery compressor to the LSG Flare, resulting in lower SO₂ emissions from the LSG Flare. EPA has the following comments on the draft NSR permit:

- 1) The current modification to the "LSG Flare," resulting in emissions decreases of SO₂, may not be used to offset the emission increases from the project permitted in 2002. Since the connection of the flare gas recovery compressor to the LSG flare was not originally permitted (and/or constructed as proposed in the current permit revision), the proposed modification to the LSG Flare should be treated as a separate project. Any emission decreases and increases associated with the current LSG Flare modification should not be counted as emission decreases or increases for the 2002 project. The draft permit revision incorrectly relies on an SO₂ emission decrease resulting from the proposed changes to the LSG Flare to offset an SO₂ emission increase related to the "Tier 2 Project" construction/modification in 2002.

- 2) The current permit revision incorporates higher emissions of SO₂ coming from Boiler 17. The current analysis, as presented within the Project Summary on page 3, states that the SO₂ emissions from Boiler 17 are 26.4 tons per year (TPY). In 2002, the PTE from Boiler 17 was calculated to be 2.89 TPY. The corrected emission calculation of the PTE of 26.4 TPY combined with the emissions increases from other modified units in 2002 are greater than the significance threshold of 40 TPY. Therefore, IEPA should proceed to "Step 2" of the prevention of significant deterioration applicability review process to determine if the 2002 project results in a "significant net emissions increase."

We provide these comments to help ensure that the NSR permit meets all federal requirements, and that the record provides adequate support for the permit decision. We look forward to working with you to address all of our comments. If you have any questions, please feel free to contact Danny Marcus, of my staff, at (312) 353-8781.

Sincerely,

A handwritten signature in cursive script that reads "Genevieve Damico".

Genevieve Damico
Chief
Air Permits Section